No. 6011.

IN THE

United States
Circuit Court of Appeals,

FOR THE NINTH CIRCUIT.

Waterloo Register Company, a corporation,
Appellant,
vs.
Charles Atherton,
Appellee.

PETITION FOR REHEARING.

ALAN FRANKLIN,
Attorney for Appellant and Petitioner.

Parker, Stone & Baird Co., Law Printers, Los Angeles.

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To the Honorable, the Judges of the United States Circuit Court of Appeals for the Ninth Circuit:

Now comes the appellant, and petitions this Honorable Court for a rehearing of the case, upon the grounds hereinafter set forth. All italics herein may be deemed ours.

This Honorable Court, in its opinion filed February 17, 1930, affirming the decree of the lower court, labored under a misapprehension of law and fact in not reversing the decree of the lower court dismissing the bill of complaint, apparently upon the ground that the *oral* testimony of *three* witnesses for appellee, all of whom the court

erroneously assumed to be without interest in the result of the case, was *legally* sufficient to establish the defense of *prior public use.*

The court's assumption that *three* out of four witnesses for appellee were without interest in the result of this litigation will bear investigation. Appellee's witnesses were Atherton, Lindsay, Bossard and Mrs. Bossard. Atherton, the appellee, was of course interested in the result of the case. We will now show **Lindsay's interest.**

On cross-examination [Tr. p. 96] Herbert Lindsay's testimony is as follows:

> "Q. You are not engaging in the *manufacture* of louvers **now?** A. **Not at the present time.**
>
> Q. Are you **selling** them **for Atherton?** A. Well, we have **yes.**"

Lindsay's answer that he was not engaging in the manufacture of Atherton's louvers *at the present time,* although he had heretofore done so, indicates that he *may* engage in the manufacture of Atherton's louvers at a *future time,* and his answer that he was *now selling* Atherton's louvers shows conclusively his *vital interest* in the *result* of the case, because *he would lose the right to manufacture and the sales agency of a profitable article if the case should be decided against Atherton.* Moreover, Lindsay showed an unusual interest in the case by going out to Van Nuys, about eighteen miles from the center of Los Angeles, on the evening of May 8, 1929, the day he arrived home, to remove and put his initials on Bossard's register. [Tr. pp. 92, 96.]

The court evidently overlooked the fact that Lindsay *did not* testify that he had ever *seen* appellee's register *in use* in Bossard's house in the *year 1923* or that he had ever *actually known* of any such use. His testimony was that he was present only when Exhibit D was taken out of Bossard's house on *May 9, 1929*, three years *after* appellant's patent was granted. [Tr. p. 92.] Lindsay's testimony was no evidence of *prior* use. It will be noted that appellee's counsel did not ask Lindsay whether he knew of the alleged sale of Atherton's register to Bossard in *1923* or of Bossard's alleged *use* of the register *at that time*. The register, which Lindsay testified on cross-examination [Tr. p. 94] was sold to Bossard in 1923, may have been one of the registers manufactured by Holbrook, Merril and Stetson which Atherton was selling to the trade at that time [Tr. p. 61], and it is not unlikely that Bossard, a sheet metal worker and furnace man, bought a number of Holbrook, Merril and Stetson registers from Atherton in 1923 and installed them in houses other than his own. It is hardly possible that Lindsay could have remembered the sale of one of Atherton's alleged registers to Bossard in 1923 and not remember any other sale. There is no evidence that either Lindsay or Bossard knew of the other until Lindsay went out to Bossard's house on May 8, *1929*, and it appears that they knew nothing of each other prior to that time, because Bossard referred to Lindsay as "the gentleman that was with him (Atherton), *I believe* Mr. Lindsay." [Tr. p. 80.]

With Lindsay eliminated as an alleged disinterested witness, appellee's defense of *prior public use* rests upon the *oral* testimony only of *two* supposedly disinterested

witnesses, namely Bossard and his wife, who testified that they used appellee's register in their *private* residence in 1923.

We know of **no leading authority** where the *oral* testimony only of *two* or a *few* so-called disinterested witnesses, *uncorroborated* by any *contemporaneous documentary* evidence, has been accepted by the higher courts as *legally sufficient* to establish the defense of *prior public use.* The **great weight of authority,** including no less an authority than **this court itself,** has consistently rejected such testimony and established a contrary ruling. We have cited a number of such authorities in our opening brief and could cite many more at a rehearing.

In the case of *Carson v. American Smelting and Refining Co.,* 11 Fed. (2d) 771, this court said:

> "It is well settled that the **oral** testimony of **many** witnesses, if **unsupported** by any evidence consisting of **documents** or things, must be **very reasonable** and **very strong** to establish the defense of prior use."

In *National Brake Beam Co. v. Interchangeable Brake Beam Co.,* 106 Fed. Rep. 703, Justice Sanborn said:

> "The **memory** of men is too brief and fleeting, too easily swayed by **chance** and by **interest** to permit the **recollection** of **one** or **two** witnesses * * * to condition the validity of valuable patents * * *."

In this case one of the alleged prior use brake beams was introduced in evidence.

In the very recent case of *Massie v. Fruit Growers' Express Co.,* Eq. 673, U. S. Patents Quarterly, Vol. 1,

1929, Mar. 4-June 4, page 85, cited on pages 33-34 of appellant's opening brief, the court upheld the patent, despite the testimony of *five* witnesses who fixed the date of the alleged prior use within a *month* of the time a shed was proved to have been completed in the train yards where the device was supposed to have been used on cars.

In the case at bar the best that Bossard, one witness, could do was to refer to a deed to his house, which was dated about a year prior to the time the registers were alleged to have been installed in his house. An event, of no great importance, which is alleged to have taken place one *year* from a date as far back as *1922,* is too remote an event for the average mind to remember with any degree of certainty. This is well illustrated by Mrs. Bossard's testimony to the effect that her home was bought in *1923,* a whole *year later* than the *date* of the *deed* to the property. [Tr. pp. 74, 75 and 85.] It is to be noted that Mrs. Bossard did *not* refer to the deed in her testimony, and the statement in the court's opinion that *three* witnesses fixed the date of prior use by reference to deeds is incorrect. Only Mr. Bossard and Lindsay referred to deeds, and Lindsay was contradicted flatly by appellee himself, as we will show hereinafter. Moreover, **Lindsay gave no testimony whatever of Bossard's alleged prior use.**

The character of Bossard's alleged prior public use, we submit, could not amount to a *public* use, because Bossard's house where the registers were alleged to have been used was a *private* residence, *not* open to or *accessible to the public,* and not a single outside disinterested witness representative of the public who might have been admitted

to Bossard's residence, was produced to corroborate Bossard and his wife as to the alleged use of the register in their private residence. A prior public use such as will defeat a patent must be accessible to the public, as required by the Supreme Court in *Gaylor v. Wilder,* 10 How. 497, 13 L. Ed. 512, and by *this* court in *Diamond Patent Co. v. S. E. Carr Co.,* 217 Fed. 402.

We submit that the absence of *documentary* or *satisfactory* oral *corroboration* of the testimony of Bossard and his wife renders their testimony entirely too unreliable and unsafe to be accepted to invalidate valuable letters patent, under which a patentee, in good faith, builds up a profitable business. If such evidence is to be so accepted, the Patent Office might just as well close its doors to the inventive genius of the world, because under such a ruling most patents could be invalidated by the *oral* testimony alone of some man and wife, or a couple of friends of an infringer, that they used a patented device in their *private* residence more than two years prior to the application for the patent; there being little chance of a patentee or anyone else successfully refuting such testimony, *if false,* because the *public* has no way of knowing and proving what goes on *privately* in a *private* residence, and especially after a lapse of five or six years.

In *Block v. Nathan Anklet Support Co.,* 9 F. (2nd) 311 (2nd Cir. C. C. A.), the court held that the appearance of the *physical* prior use exhibit helped not a jot to fix the date of its production in the absence of contemporaneous records. Bossard's deed to his property made no reference to Atherton's register and was certainly not a contemporaneous record of the register,

because there is a variance of one year between the date of said deed and the alleged date of use of the register. The deed, moreover, is not in evidence and is therefore not documentary evidence.

To the same effect in the same circuit are the cases of *Waterbury Buckle Co. v. V. G. E. Prentice Mfg. Co.,* 294 F. 935; *Kalamazoo Loose Leaf Binder Co. v. Wilson Jones L. L. Co.,* 286 Fed. 717, and *Peele Co. v. Raskin,* 222 Fed. 296, all cited in appellant's opening brief. The case of *Greenwald Bros. v. La Vogue Petticoat Co.,* 226 Fed. 453, is also in point. In the same circuit the court in *Zenobia Co., Inc., v. Shuda,* 30 Fed. (2nd) 948, held, that "prior use of patent, not shown by *documentary* or *satisfactory* oral *corroboration*, will not be held to anticipate."

The basis of the above decisions is the fundamental Barbed Wire Case of the Supreme Court, quoted on pages 42, 43 and 45 of appellant's opening brief.

It is submitted that if the case at bar were litigated on the *same* facts in the Second Circuit, the Appellate Court of that circuit, under its above decisions, would reject the oral testimony of the appellee and uphold the patent in suit, in which event appellant's patent would be *valid* in that circuit and apparently *invalid* in this circuit, as the decision of this court now stands. Such a situation could only be corrected by the Supreme Court, and we have good reason to believe that that high tribunal would follow its own ruling in *The Washburn and Moen Mfg. Co. et al. v. The Beat 'Em All Barbed Wire Co. et al.,* 143 U. S. 154, and uphold the patent in suit.

It is submitted that there is a serious conflict in the evidence. Atherton and his witness Lindsay contradicted each other flatly as to the time they formed a partnership to manufacture Atherton's registers, Atherton testifying that it was in the year *1925* [Tr. pp. 45, 46] and Lindsay testifying that it was in the year *1923*. [Tr. p. 93.] If the partnership was formed in *1925* Lindsay, of course, could not have known of any alleged sale of Atherton's register to Bossard in *1923*. Atherton and his witness further contradicted each other flatly as to the purpose of their partnership. Atherton testified on cross-examination that he formed a partnership with Lindsay to make *valves* for registers or louvers, *electric valves* that he had a patent on, the electric valves being the chief asset [Tr. p. 66]; he did not say that the partnership manufactured registers. Lindsay testified that the partnership *was not* for the purpose of making *valves*. [Tr. p. 93.] Who is the court to believe? Atherton is evidently correct as to the purpose of his partnership with Lindsay being to manufacture electric valves, and *not registers*, because Lindsay testified that he was still in business at the time of the trial manufacturing electric control valves. [Tr. p. 88.]

Witness Chester testified that Atherton had no machines (which would include dies) with which to produce the register in suit in 1923 [Tr. p. 111], and that he was in Atherton's shop right along during that year [Tr. p. 113], but he never saw Atherton produce such a register. [Tr. p. 117.] There is no evidence that Atherton had dies until 1926, after the patent was granted. [Tr. p. 123.] We do not think an unfavorable conclusion regarding Chester's

testimony should be drawn, in view of the fact that he stated frankly that he was not very friendly with Atherton and that he did not care if Atherton lost his case. Ordinarily a witness does not commit perjury in testifying against another with whom he is not very friendly, and especially when he has no interest in the case. However, Chester's testimony was corroborated by Atherton's own son-in-law, Wysong, who testified that he was in Atherton's shop every day during the year 1923 [Tr. pp. 119-120] and employed in installing Atherton's products, but that he never saw Atherton's register at that time, nor until the year *1926* [Tr. p. 121], when the patent in suit was granted. It may have been possible for Atherton at that time to have made his registers secretly and kept them secret, but Atherton did not claim secrecy in the manufacture of his register at that time; he claimed that he was selling them in the *regular trade* [Tr. p. 67] and that he had men working for him and did not know how many registers were *installed*. [Tr. p. 54.] It is hardly possible that Wysong would have failed to see or hear of the register if it had been sold to the regular trade and installed by Atherton's workmen in 1923, when Wysong was in Atherton's shop every day and was one of the workmen who *installed* [Tr. p. 119] Atherton's products. It is strange indeed that Atherton did not produce a single workman whom he employed in 1923—not even his own son-in-law, Wysong—to corroborate him as to his alleged manufacture of his register during that year or prior to 1926, when the patent in suit was granted. The testimony of Chester and Wysong, which stands uncontradicted, destroyed the credibility of Atherton's testimony entirely.

Defendant's Exhibit A was no evidence of **prior use,** because it was never used. Said exhibit was introduced to prove **prior invention,** but the issue of prior invention is not before this court, since the lower court did not uphold the defense of prior invention and appellee has filed no cross-appeal from the lower court's decision relative to such defense. Only two witnesses testified to Exhibit A, namely, appellee, the alleged inventor, and Lindsay, an interested party, as we have shown. The uncorroborated statements of an alleged inventor are never sufficient to prove his alleged **prior** invention. Lindsay did not corroborate appellee because Lindsay is an interested party. *Freeman v. Garrels and Kimball,* 102 Official Gazette, U. S. Patent Office 1777 (1903); *Merganthaller v. Scudder,* 11 App. D. C. 264; 81 O. G. 1477; *Podelsak, et al. v. McInnerney,* 26 App. D. C. 399. This court, like the lower court, should disregard Exhibit A, except as evidence of infringement.

We submit that there is a very vital **question of law before this court,** to-wit, whether the **conflicting oral** testimony, or the **character** of appellee's evidence in the last analysis, is **legally sufficient** to establish appellee's defense of prior use.

In the case of *Carson Inv. Co. v. Anaconda Copper Mining Co.,* 26 Fed. (2nd) 651, this court held:

> "We are mindful that the evidence as to prior use is conflicting, and that there is testimony that there was a practice of side charging in the smelters at Dollar Bay. But in patent litigation the mere fact that there is a serious conflict in the evidence as to prior public use, and that the District Court has made its findings in favor of defendants in conform-

> ity to the evidence on that issue, does not present an instance where the appellate court must adopt the findings of the trial judge. An anticipation must be proved by evidence so cogent as to leave no reasonable doubt in the minds of the court, and if the evidence in support of the issue fail to measure up to that standard, the law will not uphold a conclusion that prior use has been proven."

We submit that the oral testimony of appellee's two witnesses, namely, Bossard and his wife, uncorroborated by any contemporaneous records or other documentary evidence, or by satisfactory oral testimony, as to the alleged prior use in 1923 of appellee's registers in Bossard's private residence, which was not accessible to the public, is not legally sufficient to establish appellee's defense of prior public use.

In *Adjax Metal Co. v. Brady Brass Co.*, 155 Fed. 411, the court held:

> "The temptation in patent cases to resort to the defense of prior use to defeat the patent is always great and parties are held in consequence to the *most convincing proof,* not only to the *fact* of such *use,* but to its character as well."

Even if the fact of the alleged prior use of appellee could be considered as proved, the admittedly unlawful character of such use, in view of Bossard's failure to obtain a permit to install his furnace, would require a court of equity to reject the same upon considerations of public policy, if for no other reason. [Tr. p. 79.] "*The maxim* (*unclean hands*) *excludes* * * * one seeking to protect a right operating against public policy." (21 Corpus Juris., Sec. 178, page 192.) It would certainly be against public policy to uphold

an admittedly unlawful use of a device to defeat formal U. S. Letters Patent.

In the case of *McVey v. Brendal*, 144 Pa. 235, the court held, that: a trades union cannot have protection in the use of a "union-made" label which on its face stigmatizes workers not members of the union.

See also:

Rudolf v. Golden, 39 D. C. App. 230;

Sullivan v. Chicago Board of Trade, 111 Ill. 492;

Warden v. California Fig Syrup Co., 187 U. S. 516, and

Laver v. Fairbanks, cited on page 28 of Appellant's Opening Brief.

If Bossard installed Atherton's register in his house in 1923 **without a permit** as he testified, **he violated the law** in not complying with the City Ordinance of Los Angeles, No. 28,700 (N. S.), in effect in 1923, governing the installation of furnaces which supply the hot air through registers. **A certified copy of said ordinance,** by the clerk of the city of Los Angeles, ex-officio clerk of the City Council of Los Angeles, is attached hereto and made a part hereof.

Section 287 of said ordinance made it **unlawful** for any person to **construct** or to **use** any **gas pipe** or **gas fitting** in any building in Los Angeles without first **obtaining a permit** from the Board of Public Works.

Bossard's house was in the city of Los Angeles in the year 1923 and his admitted **failure to obtain a permit** to install his furnace, **which required gas pipe and gas fitting** [Tr. p. 79], **was in violation** of said section

287 of the Los Angeles City Building Ordinance No. 28,700 (N. S.) as in effect during the year 1923.

The alleged use of Atherton's register required the use of a furnace to supply it hot air and the use of gas pipe and gas fitting to supply gas to the furnace to produce heat for the hot air. In other words, Atherton's register was an essential part of a heating system which could not be lawfully used without a permit as required by Sec. 287 of said Los Angeles Building Ordinance, and if Atherton's register was used in such a heating system in 1923, such use was in violation of law, because it necessarily required gas pipe and gas fitting for the furnace which supplied hot air through the register, and the construction and use of such gas pipe and gas fitting required a permit (Sec. 287, L. A. Building Ordinance, supra) which Bossard did not obtain. [Tr. p. 79.]

Section 86 of said Los Angeles Building Ordinance required that a notice in writing be given to the Board of Public Works before installing a furnace in a building. It is quite evident from Bossard's testimony [Tr. p. 79] that he failed to give such notice and his alleged use, if proved, of Atherton's register requiring a furnace, was also in violation of said Sec. 86 of said Los Angeles Building Ordinance.

Section 299 of said Los Angeles Building Ordinance made the violation of any of its provisions a misdemeanor and imposed a penalty accordingly.

If Bossard installed a furnace and Atherton's register in his house in 1923, as he testified, without a permit, he was also guilty of a separate offense in vio-

lation of said Building Ordinance and **punishable** accordingly, for **every day** that he used the furnace and register with gas pipe and fittings after installing the same.

It was *not necessary* for plaintiff-appellant to *plead* the *illegality* of Bossard's alleged prior use of appellee's register, nor was it necessary for appellant to *prove* it. If there was any such use *its illegality is proved* out of Bossard's own mouth [Tr. p. 79]. **Whenever unclean hands in any form is disclosed in any way, the court will take judicial notice of it and deny recognition of any alleged right to any party tainted thereby.**

> "The unconscionable character of a transaction * * * *need not be pleaded.* * * * *Whenever it is disclosed* the court will of its own motion apply the maxim. It does not matter at *what state* of the proofs or in *what order* a lack of clean hands is discovered."
>
> 21 *Corpus Juris.,* Sec. 171, page 186.

> "It is not, strictly speaking, a defense at all, but rather an *interposition* by the Court in behalf of the public to *discourage* fraud and **wrong upon the public."**
>
> *C. F. Simmons Medicine Co. v. Mansfield Drug Co.*, 93 Tenn. 84.

> **"Whenever the illegality appears, whether the evidence comes from the one or the other, the disclosure is fatal to the case. * * * Wherever the contamination reaches it destroys. The principle to be extracted from all the cases is that the law will not lend its support to a claim founded upon its violation. * * * The principle is indispensible to the purity of its administration."**
>
> **Hall v. Coppell, 7 Wall. 558, 19 L. Ed. 244.**

"The maxim (unclean hands) imposes itself alike upon *one who defends* and one who prosecutes."

21 *Corp. Jur.*, Sec. 170.

City ordinances are for the benefit of the public. They cannot be violated with impunity.

Appellee cannot avoid the consequences of Bossard's admittedly illegal use of the register simply because appellee did not **himself** use his register. **"Wherever the contamination reaches it destroys."** The recognition by a court of equity of any *use in violation of law* to defeat formal U. S. Letters Patent, is a *reductio ad adsurdam.*

Public policy alone demands that a defense, such as appellee's admittedly unlawful prior public use, be rejected in toto.

We respectfully urge Your Honors to "think on these things."

Respectfully submitted,

ALAN FRANKLIN,
Attorney for Appellant and Petitioner.

Dated, Los Angeles, California,

March....., 1930.

Certificate of Counsel.

I hereby certify that I am counsel for appellant and petitioner in the above entitled cause and that in my judgment the foregoing petition for a rehearing is well founded in point of law, as well as in fact and that said petition is not interposed for delay.

ALAN FRANKLIN,
Counsel for Appellant and Petitioner.

Dated, Los Angeles, California,

March....., 1930.

upon conviction thereof shall be punishable by a fine of not less than ten dollars nor more than five hundred dollars, or by imprisonment in the City jail for not less than five days nor more than six months, or by both such fine and imprisonment.

Every such person, firm or corporation shall be deemed guilty of a separate offense for each and every day during which any building erected, constructed, altered, repaired, raised, built upon, demolished or moved, or in which any plumbing, house drainage, gas piping, gas fitting, has been installed, or sewer or cesspool constructed, by such person, firm or corporation in violation of any of the provisions of this ordinance, continues in such condition, and for every day during which any other violation of this ordinance by such person, firm or corporation continues, and shall be punishable therefor as herein provided.

Seal Los Angeles City Clerk

No. 6012

LOS ANGELES BUILDING ORDINANCE
ORDINANCE No. 28,700
(New Series)

Section 86. Notice as to Furnaces. Before installing any furnace in any building, the owner of such building or the person proposing to install the furnace shall first give notice in writing of his intention so to do to the Board of Public Works.

Section 287. It shall be unlawful for any person, firm or corporation to commence or to do or cause to be done, or to construct or cause to be constructed, or to use or cause to be used, except for service pipes, meter and meter connections, any gas pipe or gas fitting or to make any alterations or changes or additions to any gas pipe or any gas fitting in any building or structure or any portion thereof in the City of Los Angeles, without first obtaining a permit from the Board of Public Works so to do.

Any person, firm or corporation desiring a permit for any of the purposes enumerated in this section, or a permit for the inspection or testing of any gas pipe already installed in any building or other structure in said City, shall make application in writing to the Board of Public Works, giving such information as said Board may require on blanks to be furnished for that purpose, and if it appears therefrom that the work to be performed thereunder is to be done according to the regulations contained in this ordinance governing the construction, inspection and testing of such work, a permit shall be issued upon payment of the fees as fixed by Sub-section "B" Section 3, hereof.

Section 299. General Penalty. Any person, firm or corporation violating any of the provisions of this ordinance shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of not less than ten dollars nor more than five hundred dollars, or by imprisonment in the City jail for not less than five days nor more than six months, or by both such fine and imprisonment.

Every such person, firm or corporation shall be deemed guilty of a separate offense for each and every day during which any building erected, constructed, altered, repaired, raised, built upon, demolished or moved, or in which any plumbing, house drainage, gas piping, gas fitting, has been installed, or sewer or cesspool constructed, by such person, firm or corporation in violation of any of the provisions of this ordinance, continues in such condition, and for every day during which any other violation of this ordinance by such person, firm or corporation continues, and shall be punishable therefor as herein provided.

Certificate of Los Angeles City Clerk

O.K. as in letter 1923 Dept. Chrisman 3/10/30